

11/15/77 [2]

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THE WHITE HOUSE
WASHINGTON

November 15, 1977

TO: Dr. Brzezinski

FROM: Rick Hutcheson

Regarding your memorandum concerning a proposed meeting with leaders of the Association of Arab-American University Graduates, et al, Tim Kraft recommends that "sometime in February" be as early and as specific as we want to be at this time.

11/11
we make an
decision

this! we
need to see
if we can

Rich,
I don't
think he
can't

THE WHITE HOUSE
WASHINGTON

Mr. President:

There are too many uncertainties in January---trip dates, meetings with Committee chairmen, the start of the session ---to be making "agreements in principle" for different groups.

I recommend that "some-time in February" be as early and as specific as we be, at this point.

TK

T/K

~~CONFIDENTIAL~~

7110 Add-on#1

THE WHITE HOUSE
WASHINGTON

SCHEDULE PROPOSAL
DATE: November 14, 1977
FROM: ZBIGNIEW BRZEZINSKI
VIA: TIM KRAFT

28

~~CONFIDENTIAL~~ GDS

MEETING: With leaders of the Association of Arab-American University Graduates and the National Association of Arab Americans

DATE: Exact date to be determined (early 1978)

PURPOSE: Hear views of Arab-Americans on U.S. foreign policy in the Middle East

FORMAT: Exact format to be determined. Possible 45-minute meeting with Dr. Brzezinski and/or Secretary Vance in the Roosevelt Room, with President to stop in for approximately 10 minutes

CABINET PARTICIPATION: Secretary Vance

SPEECH MATERIAL: To be provided

PRESS COVERAGE: White House photographer opportunity

STAFF: Zbigniew Brzezinski

RECOMMEND: Secretary Vance
Dr. Brzezinski

OPPOSED: None

PREVIOUS PARTICIPATION: None

BACKGROUND: There have been numerous requests for a meeting with the President from Arab-Americans. Secretary Vance will meet with a group of 25 on November 18th.

Recommend your approval of his informing them at that time that you agree in principle to meet with a smaller group early next year.

____ APPROVE

____ DISAPPROVE

~~CONFIDENTIAL~~ GDS

~~CONFIDENTIAL~~

Jan 21/90

THE WHITE HOUSE
WASHINGTON

November 15, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Zbig Brzezinski

RE: YEAR OF THE ECONOMY

~~CONFIDENTIAL~~ ATTACHMENT

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~ GDS

7378

INFORMATION

THE WHITE HOUSE
WASHINGTON

November 9, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN *HO*
SUBJECT: "Year of the Economy"

Sta
9
20

You were wise to make 1977 the Year of Energy -- both because the issue is important and because it is useful to order an administration's activities around a central theme and "subordinate other business to it," as Churchill once said. From a foreign policy standpoint, it would make sense to make 1978 the Year of the Economy -- for two reasons:

1. Economic Issues Are Now Central: In the industrial world stagflation may not pose as dramatic a danger as the Great Depression did in the 1930's, but it could eventually do as much to weaken moderate political forces in Europe and Japan, and thus to unhinge the existing international order. In the poorer developing countries, stagnation poses a serious long-term threat.
2. There is good potential for progress in meeting these problems in 1978. The single most important factor is the health of the US economy, and others can spell out the opportunities for action on this front. But there is a promising foreign agenda, whose fulfillment would promote US and world recovery:

- concluding an MTN agreement;
- reforming our bilateral aid programs, which is a lot more important now than spending more money on these programs;
- setting up the new IMF \$10 billion lending facility, which is already in trouble on the Hill; progressing toward agreement on new IMF quotas; and getting agreement on a general increase in the resources of the World Bank;
- pushing for increased production abroad of commodities in short supply -- notably energy and food -- and trying to set up an international system of national grain resources;
- concerting with other oil-importing countries on measures to reduce energy consumption and thus restrain oil price increases;
- concerting with Japan and Western Europe about the industrial countries' macro-economic policies, and with Japan about a package of measures to reduce its external surplus.

Each of these measures is already in train. With Presidential leadership and a little luck, most of them could be brought to a successful conclusion next year. Taken together with the measures on the domestic front that others will propose to you, they would make the "Year of the Economy" one of substantial achievement.

~~CONFIDENTIAL~~ GDS

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

November 15, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Greg Schneiders

RE: FOLLOW-UP ON TOCCOA DAM
FAILURE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
/		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
/	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

November 14, 1977

*Jack - # 2
time can be better
spent. on dams
in use - C*

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Follow-up on Toccoa Dam Failure

After consultation with Frank Press and Governor Busbee, I have arranged for the Corps of Engineers to provide technical assistance to the State of Georgia in assessing the engineering, hydrologic and other factors which contributed to the Toccoa Dam failure. The study should take about four to six weeks.

Necessary?

I have spoken with Cliff Alexander who personally visited the area last week and upon receipt of a request from me has given lead responsibility for the assessment assistance to the Southern Atlantic Division of the Corps. General informal assistance is also being provided to the Governor's Task Force on Dam Safety as it begins to develop a dam safety program which is expected to include licensing and state inspection.

For your information, a preliminary analysis of the Toccoa failure suggests that a combination of engineering, operational and maintenance problems caused the break. Apparently the dam was enlarged several years ago in a way which put additional stress on the original structure. In addition, the placement of temporary housing for Toccoa Falls Bible Institute was unfortunate even without a dam break since it was on the site of frequent annual flooding.

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for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON
November 10, 1977

Frank Moore

*was signed
11/15/77*

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat
Bob Linder

RE: PROCLAMATION -- ARTICLES OF
CONFEDERATION

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

*Frank -
Do the
No - with a
Some letter from
me -
11/10/77
Jill sign
JC*

Mr. President:

Frank Moore and Stu Eizenstat have requested that you issue the attached proclamation observing the anniversary of the adoption of the Articles of Confederation, in response to the attached request from Congressman Goodling (R-Pa).

OMB reports that "under House rules, resolutions for commemorative proclamations may not be reported unless they have 218 co-sponsors. Accordingly, Members of Congress often ask the President to issue them on his own authority. We may expect more of the same. It would seem, therefore, that a letter to the Mayor of York or a press statement... would suffice. However, Eizenstat's staff advises us that a promise has been made to Rep. Goodling."

Jim Fallows and I recommend that you not issue the proclamation, and instead, release a statement or letter. There are already too many proclamations -- issuing this one could open up the floodgates to many more congressional requests.

Rick

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for Preservation Purposes**

ANNIVERSARY OF THE ADOPTION OF
THE ARTICLES OF CONFEDERATION

- - - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA
A PROCLAMATION

In the midst of our struggle for independence the Continental Congress, meeting in York, Pennsylvania, recognized that the new Nation would require a permanent central government. Not only was unity necessary if that struggle was to be successfully concluded, but it was essential if the new Nation was to be able to deal effectively with such matters as regulating trade, disposing of western lands, and controlling finance.

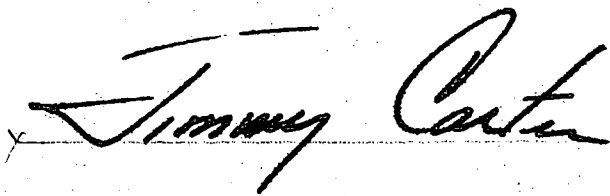
Although the colonists shared a common heritage and spoke a common language, their customs, traditions and economic needs varied. Because of this their loyalties were regional in nature. These differences were overcome and, on November 15, 1777, the Continental Congress adopted the Articles of Confederation.

The Articles of Confederation became our first constitution and served the new Nation from 1781, when they were ratified, until 1789. Much of what we learned about government during that period became part of our Constitution and our heritage.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, do hereby proclaim Tuesday, November 15, 1977, as a Day of National Observance of the

Two Hundredth Anniversary of the Adoption of the Articles of Confederation by the Continental Congress convened in York, Pennsylvania, and I call upon the people of the United States to observe that day with appropriate ceremonies and activities.

IN WITNESS WHEREOF, I have hereunto set my hand this
day of November, in the year of our Lord
nineteen hundred seventy-seven, and of the Independence of
the United States of America the two hundred and second.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
/	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

Date: Nov. 8, 1977

MEMORANDUM

FOR ACTION:

Jim Fallows

FOR INFORMATION:

Stu Eizenstat

Frank Moore *concur by plan*

Jody Powell

Fran Voorde

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Anniversary of the Adoption of the Articles of Confederation

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Thursday

DATE: Nov. 10, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

☐ No comment.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 9, 1977

TO: RICK HUTCHESON

FROM: JIM FALLOWS *JF*

SUBJECT: Anniversary of the Adoption of the Articles
of Confederation

The text of this proclamation is ok with me. But I think it would be an extremely bad idea to issue it. As it is, we have a ridiculous surfeit of proclamations that we can't avoid -- either because they have been required by Congress (eg, Captive Nations Week), or because tradition demands them (eg Fire Prevention Week). The last thing we need is to open up a new area by using proclamations as a way to do minor political chores. Why not just send the guy a letter or put out a press release?

Elisha



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

GENERAL COUNSEL

November 8, 1977

MEMORANDUM FOR: ROBERT D. LINDER
FROM: WILLIAM M. NICHOLS *W. Nichols*
SUBJECT: Anniversary of the Adoption of the
Articles of Confederation

Enclosed herewith is a proposed proclamation entitled
"Anniversary of the Adoption of the Articles of
Confederation."

The proposed proclamation was prepared in this office
at the request of Messrs. Eizenstat and Moore, as indi-
cated in the enclosed memorandum of November 7, 1977
from Ms. Dorman.

As you know, under House rules, resolutions for com-
memorative proclamations may not be reported unless they
have 218 co-sponsors. Accordingly, members of Congress
often ask the President to issue them on his own authority.
We may expect more of the same. It would seem, therefore,
that a letter to the Mayor of York or a press statement,
such as that released on the death of Bing Crosby, would
have sufficed. However, Ms. Dorman advises us that a
promise has been made to Rep. Goodling.

The Department of Justice has informally advised us that,
from the standpoint of form and legality, there is no
objection to issuance of this proposed proclamation.

Enclosures

THE WHITE HOUSE
WASHINGTON

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
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<input type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	CARP
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<input type="checkbox"/>	CLOUGH
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<input type="checkbox"/>	GAMMILL

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<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
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<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input checked="" type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE WHITE HOUSE
WASHINGTON

November 15, 1977

Stu Eizenstat

Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

CAB DOCKET 31564

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
	✓	EIZENSTAT
		JORDAN
	✓	LIPSHUTZ
		MOORE
		POWELL
		WATSON
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	KING

	KRAFT
✓	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

November 15, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ
STU EIZENSTAT

SUBJECT: CAB Decision Re Swissair, Pan Am, TWA,
KLM and British Airways (Docket 31564)

The attached order is another in a series of CAB decisions vacating the Board's initial suspension of discount Super-APEX fares following successful State Department negotiation of ad hoc agreements with the countries involved. (The ad hoc agreements permit future suspension if the fares prove predatory.) By signing the attached letter to the Board, you will permit these fares -- which offer 50 percent discounts to and from Switzerland -- to become effective immediately.

We recommend that you sign the attached letter.

☒ Approve

☐ Disapprove



THE WHITE HOUSE

WASHINGTON

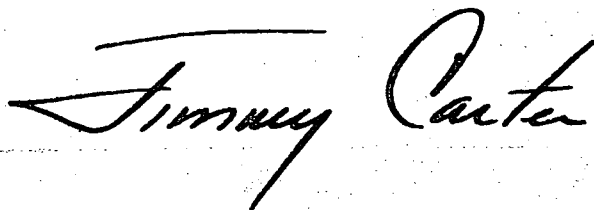
November 15, 1977

Dear Mr. Chairman:

I have reviewed your proposed order (Docket 31564) dated November 8, 1977 which vacates previous suspensions to allow super-APEX fares to and from Switzerland to be quickly implemented.

I have decided to take no action and allow the Board's order to stand.

Sincerely,



Honorable Alfred E. Kahn
Chairman
Civil Aeronautics Board
Washington, D. C. 20428

~~THE PRESIDENT HAS SEEN.~~

THE WHITE HOUSE

WASHINGTON

November 15, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BILL CABLE *Bill*
DAN TATE *Dan*

SUBJECT: Energy Tax Conference

The conferees discussed the crude oil equalization and users taxes, but no major issues were resolved. The single significant action of the day involved the dropping of the Natural Gas Liquids (butane and propane) Equalization Tax from the bill. This tax was not proposed by you, and was incorporated in the House-passed bill. There was no similar provision in the Senate-passed bill. The Administration did not object to the conferees' action.

Congressman Ullman today asked Larry Woodworth, on behalf of the Administration, and Bob Shapiro, on behalf of the House conferees, to meet privately tomorrow to explore possible compromise approaches. He feels that only through such private discussions can any progress be made in the public sessions of the Conference.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

*Good work
J*

November 15, 1977

MEMORANDUM FOR: The President
FROM: Greg Schneiders *Greg*
SUBJECT: North Carolina Flood
For Your Information

I was in North Carolina on Monday and Tuesday to tour the flooded area, review the federal relief effort and meet with federal, state and local officials.

The relief effort is proceeding smoothly with a high level of coordination. The Governor, both Senators, and the three Congressmen from the affected areas are satisfied with the federal contribution.

**Electrostatic Copy Made
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THE WHITE HOUSE
WASHINGTON

Agreement Dept.

Budget Review

11/15

THE PRESIDENT HAS SEEN.

Department of Agriculture
1979 Presidential Review

Table of Contents

	<u>Page</u>
<u>TAB A</u> Overview	1
<u>TAB B</u> 1979 Budget Summary	6
<u>TAB C</u> Summary of Program Recommendations	7
<u>TAB D</u> Comparison of Agency Ranking and OMB Recommendations	8
Assessment of ZBB Process	9
<u>TAB E</u> Issue Papers	
<u>Issues</u>	
1. Agricultural Conservation Program	10
2. Youth Conservation Corps	12
3. Forest Service Budget Justification	14
4. Employment Ceilings	16
<u>TAB F</u> Other Significant Items	
Nutrition Research	18
Other Research	19
Agricultural Stabilization Expenses	20
State and Private Forestry	21
Rural Housing Programs	22
Farm Ownership Loans	24
CCC Weather Scenario	25
CCC Short-Term Export Credit	26

Department of Agriculture
1979 Budget

Overview

I. USDA missions/programs

The Department of Agriculture has a variety of missions and a large number of programs to achieve its goals and objectives. Generally, however, they all are associated with food and/or rural areas.

A. Farm income support

- assure adequate income by supporting the market prices of a large number of agricultural commodities; managing the production of major commodities; making direct payments to producers; encouraging exports; and providing credit.

B. Food and nutrition assistance

- reduce poverty-related hunger and malnutrition in the U.S. largely through cash/food assistance to the needy and school children.

C. Agricultural production efficiency

- promote efficiency largely through research and extension activities and through the control of diseases and pests.

D. Agricultural marketing and distribution

- promote efficiency and effective competition through research, dissemination of market information, regulation, and inspection and grading of commodities.

E. Rural development

- accelerate development primarily through loans and grants for housing, community facilities, electric power generating and distribution, telephone and other industrial development.

F. Natural resource development and environmental protection

- develop and protect natural resources largely through the management of the National Forests, research, and through a variety of technical assistance and cost-sharing programs such as watershed works of improvement on private lands.

G. Foreign food assistance

- assist less developed countries through highly concessional sales or outright donations of food.

II. 1979 Budget Summary

Following is a summary of the USDA request and the OMB recommendation compared to the ceiling (outlays - \$M):

	USDA			OMB	
	<u>Ceiling</u>	<u>Request</u>	<u>Over/Under (-) Ceiling</u>	<u>Recom</u>	<u>Over/Under (-) Ceiling</u>
Price support	3,220 ^{1/}	4,910	1,690	4,910	1,690
Foreign food assistance	1,064 ^{2/}	1,376	312	1,376	312
Domestic feeding programs	7,890	8,948	1,058	8,948	1,058
Other programs	5,212	5,579	367	5,325	113
Subtotal	17,386	20,813	3,427	20,559	3,173
Asset sales	-	-1,000	-1,000	-1,000	-1,000
Proprietary receipts	-783	-1,108	-325	-1,108	-325
	16,603	18,705	2,102	18,451	1,848

^{1/}Tentative; original Administration position - farm bill was pending.

^{2/}Tentative; not included in agency ceiling.

This review deals largely with the "other programs".

- Price support budget decisions have been made outside of the budget process (e.g., farm bill legislation, separate decision memoranda).
- The foreign food assistance program (P.L. 480) will be taken up with other foreign assistance programs.
- The domestic feeding programs (food stamp, child nutrition, etc.) will be taken up with other income assistance programs.

The USDA request

- bases its price support estimates on "good" weather, i.e., about the same weather that prevailed during the period 1966-1970. If they were based on "bad" weather (the 1971-75 period) the estimate would be \$2B less.
- contains no new major initiatives, except for the proposal to expand the crop insurance program nationwide. This proposal initially went to the President in early October and currently is being reworked by USDA.
- proposes the elimination or phasedown of a number of programs, notably the Youth Conservation Corps, Great Plains Conservation Program, and new planning and construction starts under the small watershed program.

The OMB recommendation

- reduces the USDA budget request by \$420M in budget authority and \$254M in outlays.
- makes significant reductions in conservation assistance, research, forestry and rural loans, in large part to hold down Federal employment. (See attached table)

The studies which the President requested concerning rural development, timber policy, and the rural electrification program were not completed by USDA in time to be used as a basis for the preparation of the Department's request nor OMB's recommendations. The current status of these studies is as follows:

-- Rural development

- . To be continued as a major study under the new Presidential Domestic Policy Review System with an estimated completion date of March 1978. Major impact will be on possible 1978 legislative initiatives and the 1980 Preview.

-- Timber policy

- . Completion of the study was scheduled for mid-October. However, the Department recently asked the Forest Service to do some further work on it. Completion of the Secretary's review is expected by late November.

-- Rural electrification

- . A rough, incomplete draft of the study of the REA program was completed October 13. The options developed in this paper by USDA are incomplete and inadequately analyzed; e.g., no analysis of cost to the Government. OMB staff are working with USDA to complete the study and plan to develop an options paper for the President. The paper will be included in the Presidential review of the Department of Energy budget, if it is completed in time.

Department of Agriculture
1979 Budget

Distribution of Outlays
(In millions of dollars)

	1973	1974	1975	1976	1977	Feb.	1978	OMB	1979	OMB
	Act.	Act.	Act.	Act.	Est.	Budget	Agency Req.	Recom.	Agency Req.	Recom.
A. Open-ended programs and fixed costs (relatively uncontrollable under present law)										
1. Commodity Credit Corporation	3,629	1,106	741	1,174	4,135	1,036	6,485	6,485	4,910	4,910
2. Domestic feeding programs	3,642	4,429	6,643	7,959	8,514	9,153	8,915	8,915	8,948	8,948
3. Commodity purchases	--	--	--	--	--	--	243	243	--	--
Total open-ended	7,271	5,535	7,384	9,133	12,649	10,189	15,643	15,643	13,858	13,858
B. Discretionary programs (relatively controllable)										
1. Agricultural Research Service	199	211	233	247	327	323	328	328	334	306
2. Cooperative State Research Extension	82	85	96	105	132	140	148	148	160	136
3. Extension	186	193	219	218	236	243	255	255	266	251
4. Animal & Plant Health Inspection 1/	309	314	345	393	191	437	219	214	224	209
5. Soil Conservation	308	353	395	470	504	463	506	506	476	457
6. Agricultural Stabilization & Conservation	481	302	534	339	405	395	540	540	578	487
7. Forest Service	724	833	976	1,008	1,250	1,208	1,448	1,448	1,497	1,481
8. Farmers Home Administration	-147	1,685	-1,018	615	551	1,076	1,248	1,243	349	345
9. P.L. 480	754	639	778	828	1,035	923	1,071	1,071	1,376	1,376
10. Federal Crop Insurance	-1	-2	30	15	79	19	107	107	70	70
11. Other	704 2/	236	250	278	597	320	581	579	625	583
Total discretionary	3,599	4,849	2,838	4,504	5,307	5,547	6,451	6,439	5,955	5,701
C. Receipts	-843	-619	-513	-591	-689	-784	-856	-856	-1,108	-1,108
Total outlays	10,027	9,765	9,708	13,046	17,267	14,952	21,238	21,226	18,705	18,451
D. Full-time permanent employment (thousands)	81.6	79.5	79.1	80.4	82.1	84.2	89.1	86.6	90.3	84.9

1/ Reorganized in 1977 after submission of 1978 budget.

2/ Includes \$529M for REA, the last year REA loans were "on budget".

DEPARTMENT OF AGRICULTURE
1979 BUDGET
BUDGET SUMMARY
(\$ IN MILLIONS)

	BUDGET AUTHORITY	OUTLAYS	FULL-TIME PERMANENT EMPLOYMENT
1977 ACTUAL	15,369	17,267	82,051
<u>1978:</u>			
AGENCY REQUEST	15,378	21,238	89,125
OMB RECOMMENDATION	<u>15,366</u>	<u>21,226</u>	<u>86,557</u>
CHANGE	-12	-12	-2,568
<u>1979:</u>			
PLANNING CEILING	15,651	16,603	XXX
AGENCY REQUEST	22,697	18,705	90,318
OMB RECOMMENDATION	<u>22,277</u>	<u>18,451</u>	<u>84,934</u>
CHANGE	-420	-254	-5,384
<u>1980:</u>			
AGENCY REQUEST	20,928	21,420	
OMB RECOMMENDATION	20,575	20,729	
<u>1981:</u>			
AGENCY REQUEST	20,212	19,707	
OMB RECOMMENDATION	19,707	18,245	

TAB C

DEPARTMENT OF AGRICULTURE
1979 BUDGET
SUMMARY OF PROGRAM RECOMMENDATIONS
(\$ IN MILLIONS)

	AGENCY REQUEST		OMB RECOM	
	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
A. ISSUES:				
1. AGRICULTURAL CONSERVATION PROGRAM	190	294	50	235
2. YOUTH CONSERVATION CORPS	-	1	-	1
3. FORESTRY SERVICE BUDGET DATA	NA	NA	NA	NA
4. EMPLOYMENT	NA	NA	NA	NA
B. OTHER SIGNIFICANT PROGRAMS:				
1. AGENCY AND OMB DIFFER				
NUTRITION RESEARCH	63	33	31	25
OTHER RESEARCH	476	461	420	417
AGRICULTURAL STABILIZATION EXPENSES	246	242	216	211
STATE AND PRIVATE FORESTRY	21	22	15	15
RURAL HOUSING	492	542	492	542
FARM OWNERSHIP LOANS	(605)	-	(350)	-
CCC WEATHER SCENARIO	7,855	4,543	7,855	4,543
2. AGENCY AND OMB AGREE				
EXPORT CREDIT	-	367	-	367
C. ALL OTHERS	<u>13,354</u>	<u>12,200</u>	<u>13,198</u>	<u>12,095</u>
TOTALS	22,697	18,705	22,277	18,451

TAB D

DEPARTMENT OF AGRICULTURE
1979 BUDGET
SUMMARY COMPARISON OF AGENCY RANKING AND OMB RECOMMENDATIONS
(IN MILLIONS OF DOLLARS)

AGENCY RANKING NUMBER	PACKAGE DESCRIPTION	OUTLAYS	
		AGENCY REQUEST	OMB RECOMMENDATIONS
1-227 1/	(VARIOUS ACTIVITIES - MINOR PRICING AND OUTPUT (CHANGES	17,282	17,272
	(CONSERVATION COST OF SHARING (ACP) *	257	225
228-229	PROPRIETARY RECEIPTS AND RESEARCH GRANTS	2	2
230	TIMBER MANAGEMENT *	73	69
231-253	MINOR PRICING AND OUTPUT CHANGES	155	144
254	FORESTRY - RESOURCE PROTECTION	24	20
255-263	MINOR PRICING AND OUTPUT CHANGES	17	14
264	AG. STABILIZATION & CONSERVATION - EXPENSES	30	-
265-338	MINOR PRICING AND OUTPUT CHANGES	274	228
339	COMPREHENSIVE PLANNING GRANTS	5	-
340-349	MINOR PRICING AND OUTPUT CHANGES	270	262
350	TIMBER MANAGEMENT *	23	20
351-357	MINOR PRICING AND OUTPUT CHANGES	12	11
358	BRUCELLOSIS ERADICATION	12	-
359-362	MINOR PRICING AND OUTPUT CHANGES	8	7
363	FORESTRY - RECREATION AND WILDERNESS	30	27
364	FEDERAL CROP INSURANCE PROGRAM	52	52
365	SPECIAL SUPPLEMENTAL FOOD PROGRAM	42	42
366-377	MINOR PRICING AND OUTPUT CHANGES	50	47
378-379	RESEARCH & EXTENSION FORMULA GRANTS	15	-
380-382	MINOR PRICING AND OUTPUT CHANGES	9	7
383	AGRICULTURAL STATISTICS	8	-
384	LARGE AREA CROP INVENTORY EXPERIMENT	4	-
385	EXTENSION EARMARKED PROGRAMS	8	2
386	CONSERVATION COST SHARING *	38	-
387-388	REA - TELEPHONE LOANS AND RESEARCH CONSTRUCTION	5	-
	TOTAL	18,705	18,451

* AN ISSUE PAPER IS PRESENTED COVERING THIS PACKAGE.

DEPARTMENT OF AGRICULTURE
1979 BUDGET
ASSESSMENT OF ZBB PROCESS

FY 1979 BUDGET

- GOOD START FOR THE FIRST YEAR.
- INVOLVED DECISION MAKERS IN WASHINGTON.
- FOCUSED ON ALTERNATIVE FUNDING LEVELS.
- MAJOR WEAKNESS WAS THAT SUBMISSION WAS BARE BONES - PROCESS WAS THERE BUT SUPPORTING MATERIAL WAS WEAK.

FY 1980 BUDGET

- INVOLVE FIELD MANAGERS IN PROCESS.
- REWORK SOME OF THE DECISION UNITS (AGGREGATE SOME, DISAGGREGATE OTHERS).
- IMPROVE SUPPORTING JUSTIFICATION, PARTICULARLY FOR MINIMUM LEVELS.

Department of Agriculture
1979 Budget
Issue Paper
Issue #1: Agricultural Conservation Program (ACP)

Background

Under ACP, the Federal Government shares with landowners and producers the cost of installing certain conservation measures on their lands. The program was initiated more than forty years ago to supplement farmers' incomes and to provide incentives for farmers to install needed soil and water conservation measures on their land.

The Great Plains Conservation Program (GPCP) was initiated in 1956 to minimize climatic and economic hazards in the ten Great Plains States. Cost-sharing contracts under the program with individual landowners range in time from three to ten years and vary among practices and between States because of the difference in conservation and program needs. Under the GPCP, farmers and operators are required to maintain good farming and conservation practices on all land under the program and certain other lands immediately adjacent thereto.

In prior years, the GPCP has been funded as a separate program in the Soil Conservation Service. This year, however, the Secretary has proposed that this program not be funded separately since cost-sharing under ACP would be equally available in the Great Plains area.

The President in August sent a memorandum to the Secretary urging him to work to remove the undesirable aspects of ACP, i.e., yield enhancing practices. The agency's high priority request included this program at a reduced level and proposed national direction to emphasize solution of the most critical problems.

Statement of Issue

What level of funding should be recommended for ACP in the FY 1979 Budget?

Alternatives

1. No funding.
2. Fund at current level (\$190 million). (Agency request--low priority)
3. Fund at \$100 million. (Agency request--high priority)
4. Fund at \$50 million. Funds would be used to cost-share with producers only for practices which control non-point source pollution runoff. (OMB recommendation)

Expected effects and reactions to be considered

- The Secretary would likely appeal.
- Congress probably would not go along; Congressman Whitten has insisted over the years--via appropriation language--that county offices determine the eligible practices.
- Certain interest groups (i.e., National Limestone Institute, National Association of Conservation Districts, county committees, etc.) would complain bitterly.
- Would indicate that the Administration considers elimination of non-point source pollution on agricultural land a much higher priority than most of the practices currently cost-shared under ACP.

Budget Authority/Outlays (In millions of dollars)

	<u>1977</u>		<u>1978</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>	
	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
Agricultural Conservation Program:														
Alt. #1	340	195	190	289	--	195	--	37	--	37	--	37	--	38
Alt. #2 (Agency req.-- low priority)	340	195	190	289	190	294	190	175	190	178	190	183	190	188
Alt. #3 (Agency req.-- high priority)	340	195	190	289	100	256	100	99	100	99	100	99	100	100
Alt. #4 (OMB rec.)	340	195	190	289	50	235	50	97	50	87	50	75	50	60

Department of Agriculture
1979 Budget
Issue Paper
Issue #2: Proposed Termination of the
Youth Conservation Corps Program

Background

The Departments of Agriculture and Interior administer the Youth Conservation Corps Program (YCC) on both Federal and non-Federal lands. The purposes of YCC are to provide gainful employment and improve environmental understanding in order to further the development and maintenance of the natural resources of the United States. The program by law is open to all youths aged 15 through 18. The Secretary of Agriculture, who budgets for the entire program, has deleted YCC from his request. The Secretary of Interior supports continuation.

Statement of Issue

Should the YCC be terminated in FY 1979?

Alternatives

1. Terminate the YCC in favor of the new Young Adult Conservation Corps Program (YACC). (USDA request and OMB recommendation)
2. Continue the YCC at about half the FY 1978 level.
3. Continue the YCC at the FY 1978 level. (DOI recommendation)

Expected effects and reactions to be considered

- The following program outputs would be eliminated;
 - .. the YCC experience for about 37,500 youth.

- .. work product which has been valued at over 70 percent of the cost of the program (measured by the cost of doing the work through other means).
- .. modest improvement in environmental understanding.
- USDA has recommended termination only because of budget priorities and will minimize the following arguments for termination:
 - .. Work accomplishments are not cost-effective even if it is assumed that all work would have been of sufficient priority to accomplish without the YCC.
 - .. Improvements in environmental understanding are modest and longer-term benefits would probably approach zero.
 - .. Public summer camps not targeted to specific needs for employment or income are a low priority activity.
 - .. The YACC would permit employment of unemployed individuals who now participate in YCC (except the 15 year olds) if referred by the Department of Labor, and is a preferable program in that it is targeted to job-related needy.
- The Congress has been very supportive of YCC, particularly some influential members, including Senator Jackson. The Congress is virtually certain to continue funding it.
- The cost of this program has risen from about \$1,000 per participant to over \$1,800 per participant in Federal projects. The program has the potential to expand by 10 times or more.
- Reducing the program by 50 percent would have similar effects but would be more agreeable to proponents than no program.

		Budget Authority/Outlays (In millions of dollars)													
		1977		1978		1979		1980		1981		1982		1983	
		<u>BA</u>	<u>0</u>	<u>BA</u>	<u>0</u>	<u>BA</u>	<u>0</u>	<u>BA</u>	<u>0</u>	<u>BA</u>	<u>0</u>	<u>BA</u>	<u>0</u>	<u>BA</u>	<u>0</u>
Youth Conservation Corp:															
Alt. #1 (Agency req. and OMB rec.)	.....	60	60	60	64	--	1	--	--	--	--	--	--	--	--
Alt. #2	.....	60	60	60	64	30	30	30	30	30	30	30	30	30	30
Alt. #3	.....	60	60	60	64	60	60	60	60	60	60	60	60	60	60

Department of Agriculture
1979 Budget
Issue Paper
Issue #3: Improving Budget Justifications
for Forest Service Programs

Background

Budgeting for the broad array of activities conducted by the Forest Service is complex and under current conditions is too often conjectural. There are many unresolved policy questions; and information to support estimates of requirements is often inadequate. This situation persists even though the information which we believe would be adequate has repeatedly been requested.

Statement of Issue

Should the Department and the Forest Service be pressed to identify and develop, with the concurrence of OMB, better data for justification of FY 1980 budget proposals for Forest Service programs?

Alternatives

1. Transmit a request for specific kinds of information to the Secretary from the Director which indicates your approval of the request. (OMB recommendation)
2. Continue to work with the Department on a more informal basis to develop a better basis for budget recommendations.

Expected effects and reactions to be considered

Based on past experience, alternative 1 is essential if there is to be a reasonable chance of success. Various attempts to develop better information have been made in connection with budget preparation and through special studies in recent years but have fallen far short of accomplishing their objective.

The Department of Agriculture is presently working on several national forest timber management policy analyses. The analyses were recommended by OMB and approved by you during the Spring Review. They are designed to result in better defined objectives, to determine legal constraints on options, and to better identify relevant benefits and appropriate measures of benefits.

A number of major program evaluations are underway or have been completed in recent years which have important implications for budgeting for Forest Service programs. These include:

- Review of about 60 million acres of national forest roadless area is underway to determine how much of this area should be preserved as wilderness or managed for other purposes.
- A report on measures to increase the productivity of small forest tracts in private ownership for timber and other purposes has recently been transmitted to the President.
- The first planning cycle pursuant to the Forest and Rangeland Renewable Resources Planning Act has been completed resulting in a multi-year program (through 1980) recommended by former Secretary Butz, which calls for major expansion of virtually all activities of the Forest Service.

The completed reports are useful but are not a sufficient basis for budgeting. We need better information on the possibilities to produce all forest uses such as timber, recreation, wildlife and others and better information on their benefit/cost relationships. For example:

- Timber sales are made over wide areas and conditions. Some timber sales are sold at prices which far exceed costs of administration. Other sales are sold at prices which fail to cover their administrative costs. The information presented with the budget does not permit determining how much of the proposed sale program covers costs or whether sales whose costs exceed their selling prices are necessary to meet valid objectives.
- Recreation occurs in many forms over the entire national forest system. Some areas are very costly to operate on a per visitor day basis. Various levels of operation and maintenance are possible. The information presented does not permit comparing the effects of different levels and costs of operation on recreational use or for identifying high cost areas as candidates for closure.

Department of Agriculture
1979 Budget
Issue Paper
Issue #4: Employment Ceilings

Background

The USDA employment request for 1978 exceeds the current full-time permanent (FTP) ceiling by 6,622 and the total ceiling by 18,570.

The proposed increase in full-time permanent is attributed primarily to:

- implementation of the Young Adult Conservation Corps (+1,621),
- appropriation increases over the 1978 budget request (+4,185),
- administration of the farm bill (+230),
- transfer of meat inspection functions from the Department of Defense (+321), and
- adherence to minimum statutory ceilings imposed by Congress (+265).

Issue

At what levels should USDA's employment ceilings be established for FY 1978 and 1979?

Alternatives

1. Continue current ceilings:
 - Direct Secretary to intensively review USDA employment with objective of using the 1978 appropriation to achieve Congress' anticipated output with no increase in employment ceilings and no recissions.
 - Reorganization should be seriously considered.
2. Set 1978 at level requested by USDA; base 1979 level on budget decisions.
3. Provide minimal increases for 1978, enough to avoid any recissions; base 1979 level on budget decisions. Consider further significant intra-departmental consolidation and reorganization. (OMB recommendation)

Expected effects and reactions to be considered

The major problems in 1978 are the additional funds appropriated and statutory minimum employment levels established by Congress. Unless these or other funds can be used effectively for other than additional personnel, the choice is to either rescind the funds or add personnel.

OMB cannot demonstrate analytically that the Department can do its job in 1978 without an increase of about 4,300 FTP's and still avoid rescissions.

Although the Secretary has indicated to OMB that an additional 6,600 FTP's are necessary, a Presidential directive to the Secretary to undertake, as a major Administration objective, doing the job in 1978 without rescissions or any increase in employment may possibly avoid any significant increase in employment, if the Secretary is willing and able to establish and implement a major Department-wide commitment to such an objective.

Without such an intensive commitment by the Department, OMB recommends Alternative #3.

		<u>1977</u> <u>Actual</u>	<u>1978</u>	<u>1979</u>
Alternative #1	FTP	82,051	82,503	82,503
	Total	125,900	116,258	116,258
Alternative #2 (USDA req.)	FTP	82,051	89,125	90,318
	Total	125,900	134,828	140,542
Alternative #3 (OMB rec.)	FTP	82,051	86,557	84,934
	Total	125,900	128,164	127,572

DEPARTMENT OF AGRICULTURE
1979 BUDGET
OTHER SIGNIFICANT ITEM
NUTRITION RESEARCH
(\$ IN MILLIONS)

	<u>1978</u> <u>RECOMMENDATION</u>	<u>1979</u> <u>REQUEST</u>	<u>1979</u> <u>RECOMMENDATION</u>
BA - RESEARCH	28	42	31
CONSTRUCTION	5	21	--
BO	20	33	25
FTP EMPLOYMENT	357	380	374

RECOMMENDATION IS TO:

- PROVIDE A 10 PERCENT INCREASE IN NUTRITION RESEARCH ACTIVITIES COMPARED TO THE SECRETARY'S REQUESTED 51 PERCENT INCREASE; INCREASE (\$2.7M) WOULD BE IN THE AREAS OF FOOD SCIENCE AND DIET AND NUTRITION STATUS MONITORING.
- REQUIRE USDA TO PREPARE A DETAILED JUSTIFICATION FOR THE NUTRITION RESEARCH CENTER AT TUFTS UNIVERSITY PRIOR TO ENGAGING AN ARCHITECT; DO NOT SEEK \$21.1M FOR CONSTRUCTION OF THE FACILITY IN FY 1979.

IMPLICATIONS:

- USDA WOULD BE EXPECTED TO REACT VERY NEGATIVELY TO ANY EFFORT WHICH APPEARS TO LIMIT ITS PERCEIVED LEAD ROLE IN NUTRITION RESEARCH.
- CONGRESS WOULD BE EXPECTED TO ADD FUNDING FOR BOTH THE TUFTS CONSTRUCTION PROJECT AND FOR INCREASED RESEARCH.
- THERE IS NO FEDERAL POLICY ON WHO SHOULD BE FUNDING NUTRITION RESEARCH. OSTP AND THE PRESIDENT'S REORGANIZATION PROJECT ARE ADDRESSING THIS ISSUE.

DEPARTMENT OF AGRICULTURE
1979 BUDGET
OTHER SIGNIFICANT ITEM
OTHER RESEARCH
(\$ IN MILLIONS)

	1978 <u>RECOMMENDATION</u>	1979 <u>REQUEST</u>	1979 <u>RECOMMENDATION</u>
BA	443	476	420
BO	456	461	417
FTP EMPLOYMENT	8,181	8,286	7,798

RECOMMENDATION IS TO:

- REDUCE RESEARCH 5% UNDER 1978 LEVEL PRINCIPALLY IN THE APPLIED RESEARCH AREAS OF INTRAMURAL MARKETING RESEARCH AND EXTRAMURAL STATE AGRICULTURAL EXPERIMENT STATION FORMULA GRANTS.
- INCREASE BASIC RESEARCH BY 9%.
- DIRECT USDA TO DEVELOP A STRATEGY WITH OMB TO CONVERT A SIGNIFICANT PORTION OF THE AGRICULTURAL RESEARCH SERVICE ACTIVITY TO GRANTS IN 1980 WITH A GRADUAL IMPLEMENTATION STARTING IN 1978 TO COMPLY WITH THE RECOMMENDED EMPLOYMENT CEILING AND ENABLE FUTURE EMPLOYMENT REDUCTIONS.

IMPLICATIONS:

- CONGRESS WOULD BE EXPECTED TO RESTORE CUTS IN MARKETING RESEARCH AND STATE AGRICULTURAL EXPERIMENT STATION FORMULA GRANTS.

DEPARTMENT OF AGRICULTURE
1979 BUDGET
OTHER SIGNIFICANT ITEM
AGRICULTURAL STABILIZATION SERVICE
(\$ IN MILLIONS)

	<u>1978</u> <u>RECOMMENDATION</u>	<u>1979</u> <u>REQUEST</u>	<u>1979</u> <u>RECOMMENDATION</u>
BA	215.6	246.3	215.6
BO	210.8	242.0	210.8
FTP EMPLOYMENT	2,693	2,693	2,693

RECOMMENDATION IS TO:

- AGREE TO SUPPORT THE AGENCY'S REQUEST FOR A 1978 SUPPLEMENTAL OF \$70M TO PAY FOR INCREASED MANPOWER REQUIRED TO CARRY OUT THE NEW FARM PROGRAMS MANDATED BY THE FOOD AND AGRICULTURE ACT OF 1977, E.G.
 - .. ACREAGE SET-ASIDES; ACREAGE, YIELD AND PRODUCTION VERIFICATION
 - .. COMMODITY LOANS
 - .. DEFICIENCY PAYMENTS
 - .. COMMODITY RESERVES
- HOLD MONEY AND MANPOWER AT 1978 LEVELS UNTIL WE CAN GET A BETTER FIX ON HOW FAR THE 1978 INCREASES GO TOWARD MEETING PROGRAM NEEDS.

IMPLICATIONS:

- MANPOWER (NON-FEDERAL) AVAILABLE IN COUNTY OFFICES IS INSUFFICIENT TO DO ALL REQUIRED TO ADMINISTER THE NEW ACT.
- WITHOUT AN INCREASE, LOANS AND DEFICIENCY PAYMENTS WILL BE DELAYED AND PAYMENT ERRORS WILL INCREASE. PROGRAM CREDIBILITY AND PARTICIPATION WILL GO DOWN.

DEPARTMENT OF AGRICULTURE
1979 BUDGET
OTHER SIGNIFICANT ITEM
STATE AND PRIVATE FORESTRY
(\$ IN MILLIONS)

	<u>1978</u> <u>RECOMMENDATION</u>	<u>1979</u> <u>RECOMMENDATION</u>
BA	21.4	14.8
BO	21.5	14.8
FTP EMPLOYMENT	152	96

RECOMMENDATION IS TO:

- TERMINATE GRANTS TO STATES FOR URBAN FORESTRY ACTIVITIES INCLUDING DUTCH ELM DISEASE CONTROL AS PROPOSED BY THE SECRETARY.
- MAINTAIN OTHER COOPERATIVE FOREST MANAGEMENT PROGRAMS AT THE 1978 LEVEL REJECTING THE SECRETARY'S PROPOSALS TO INCREASE FORMULA AND NON-FORMULA GRANTS TO STATES FOR TECHNICAL ASSISTANCE TO PRIVATE LANDOWNERS AND WOOD PROCESSORS.

IMPLICATIONS:

- THE DEPARTMENT HAS EXPRESSED A STRONG INTEREST IN EXPANDING THESE COOPERATIVE PROGRAMS TO IMPROVE PRODUCTIVITY ON SMALL PRIVATE FOREST OWNERSHIPS.
- EFFICACY OF ACTIVITIES ARE HIGHLY UNCERTAIN IN TERMS OF:
 - .. PHYSICAL RESULTS.
 - .. NET NATIONAL BENEFITS OF REDIRECTING CAPITAL TO SMALL PRIVATE OWNERSHIPS.
 - .. EQUITY OF PROVIDING FEDERAL SUBSIDIES TO PRIVATE LAND OR MILL OWNERS.
 - .. COMPETITION WITH PRIVATE VENDORS OF TECHNICAL ASSISTANCE.

DEPARTMENT OF AGRICULTURE
1979 BUDGET
OTHER SIGNIFICANT ITEM
RURAL HOUSING PROGRAMS
(\$ IN MILLIONS)

	1978		1979 *
	<u>RECOMMENDATION</u>	<u>REQUEST</u>	<u>RECOMMENDATION</u>
BA	687	492	492
BO	464	542	542
STAFF YEARS	6,700	6,825	6,700

* FIRST FULL YEAR COST (1980) IS ESTIMATED TO BE ABOUT \$745M FOR GRANT AND INTEREST SUBSIDY COSTS UNDER THE PROPOSED TARGETING STRATEGY. THIS COMPARES WITH \$670M UNDER THE EXISTING PROGRAM STRATEGY.

RECOMMENDATION IS TO:

- TARGET RURAL HOUSING PROGRAMS BY INCOME GROUP WITH SPECIAL EMPHASIS ON ASSISTING THOSE RURAL FAMILIES WITH LOWEST INCOMES WHO OCCUPY SUBSTANDARD HOUSING AND/OR HAVE EXCESSIVE RENT BURDENS. THIS IS IN CONTRAST TO THE EXISTING PROGRAMS WHICH SERVE BORROWERS ON A FIRST COME/FIRST SERVED BASIS WHO USUALLY OCCUPY STANDARD HOUSING AND WHO HAVE ANNUAL INCOMES IN EXCESS OF \$8,000.
- SEEK LEGISLATION TO ENABLE PROVIDING HOMEOWNERSHIP LOANS TO FAMILIES WITH ANNUAL INCOMES AS LOW AS \$4,000 WHERE RENTAL HOUSING ASSISTANCE IS A LESS EFFECTIVE OPTION AND PROVIDE A MEANS TO RECAPTURE A PORTION OF THE FEDERAL SUBSIDY, SPECIFIC LEGISLATIVE PROPOSALS ARE:
 - .. EQUITY SHARING BY THE GOVERNMENT - GOVERNMENT WOULD HOLD UP TO 75% OF THE MORTGAGE AND REQUIRE LOAN REPAYMENTS WITH A 1% INTEREST RATE BY THE BORROWER ON HIS 25% OF THE MORTGAGE.
 - .. DEEP SUBSIDY HOMEOWNERSHIP - WILL ENABLE THE BORROWER TO PAY NO MORE THAN 25% OF HIS INCOME FOR HOUSING COSTS (LOAN REPAYMENT AT 1% INTEREST, TAXES, INSURANCE, UTILITIES, AND MAINTENANCE). GOVERNMENT WOULD GIVE BORROWER AN ANNUAL GRANT TO COVER THE DIFFERENCE BETWEEN 25% OF INCOME AND TOTAL HOUSING COST.

.. FEDERAL SUBSIDY RECOVERY PROGRAM - WILL PERMIT GOVERNMENT TO RECOVER A MAJOR PORTION OF FEDERAL HOMEOWNERSHIP SUBSIDIES THROUGH SHARING IN APPRECIATED VALUE AT TIME HOUSE IS SOLD.

- ESTABLISH AN INDEX OF RURAL HOUSING DEFICIENCIES FOR TARGETING RURAL HOUSING PROGRAM ASSISTANCE.
- ESTABLISH A PROGRAM EVALUATION CAPABILITY FOR AN ONGOING ASSESSMENT OF PROGRAM EFFECTIVENESS.
- IMPLEMENT A GRANT PROGRAM FOR LOCAL ORGANIZATIONS TO LOCATE AND ASSIST LOW INCOME RURAL FAMILIES TO PARTICIPATE IN THESE RURAL HOUSING PROGRAMS. (\$10M REQUEST FOR FY 1979 IS DENIED IN OMB RECOMMENDATION PENDING AN ASSESSMENT OF FY 1978 \$1M PILOT PROGRAM FUNDED BY THE CONGRESS.)
- RECOMMENDATION DOES NOT PROVIDE FOR AN EMPLOYMENT INCREASE IN FY 1979 OVER THE FY 1978 RECOMMENDED LEVEL. USDA WILL BE REQUESTED TO EXPLORE CONTRACTING OPPORTUNITIES TO FREE UP STAFF RESOURCES FOR THIS PROGRAM.

IMPLICATIONS:

- PROGRAM DISTRIBUTION BY INCOME CLASS

INCOME CLASS:	HOUSING UNITS ASSISTED BY INCOME CLASS	
	FY 1978 EXISTING PROGRAM	FY 1979 PROPOSED PROGRAM
TOTAL	(194,000)	(185,000)
LESS THAN \$8,000	47,000	80,000
\$8,000 - \$11,000	65,000	55,000
\$11,000 - \$17,000	46,000	30,000
\$17,000 - \$20,000	36,000 1/	20,000 1/

1/ OMB RECOMMENDS ELIMINATING THESE UNITS (ABOVE MODERATE INCOME LOAN GUARANTEES) AND RELYING ON PRIVATE LENDERS TO SERVE THIS INCOME CLASS. (SECRETARY IS LIKELY TO APPEAL.)

- ABSENT A TARGETING STRATEGY PROGRESSIVELY FEWER LOWER INCOME FAMILIES WILL RECEIVE HOMEOWNERSHIP ASSISTANCE AS HOUSING COSTS CONTINUE TO INCREASE.
- RURAL RENTERS PAYING MORE THAN 25% OF THEIR INCOME FOR HOUSING ARE PROJECTED TO INCREASE.
- THE TARGETING STRATEGY FOR LOWER INCOME FAMILIES REQUIRES INCREASED LOAN SERVICING AND SUPERVISION.

DEPARTMENT OF AGRICULTURE
1979 BUDGET
OTHER SIGNIFICANT ITEM
FARM OWNERSHIP LOANS
(\$ IN MILLIONS)

	1978	1979	
	<u>RECOMMENDATION</u>	<u>REQUEST</u>	<u>RECOMMENDATION</u>
NEW LOAN COMMITMENTS	550	605	350
LIFE OF LOAN INTEREST SUBSIDY COST	560	620	360

RECOMMENDATION IS TO:

- RESTRICT USE OF 5% LOANS LARGELY TO NEW YOUNG LOW EQUITY FAMILIES FOR ENTRY INTO FARMING.
- ENCOURAGE SHORT TERM CREDIT FOR LAND RENTAL FOR MARGINAL FARMERS IN LIEU OF LAND PURCHASE.

IMPLICATIONS:

- SINCE PRIVATE CREDIT AND THE FARM CREDIT SYSTEM GENERALLY PROVIDES ADEQUATE CREDIT TO FARMERS TO MEET AGRICULTURAL PRODUCTION OBJECTIVES, NO ADVERSE EFFECTS ARE EXPECTED ON FOOD PRODUCTION.
- SHORT TERM CREDIT FOR MARGINAL FARMERS INSTEAD OF LONG-TERM LOANS AVOIDS LOCKING THE GOVERNMENT AND BORROWERS INTO A LONG TERM CONTRACTUAL RELATIONSHIP.
- RECOMMENDATION WILL REQUIRE TARGETING OF LOAN ASSISTANCE INSTEAD OF ASSISTING BORROWERS ON A FIRST COME/FIRST SERVED BASIS - FMHA WILL LIKELY RESIST THIS CHANGE.
- CONGRESSIONAL OPPOSITION CAN BE EXPECTED TO REDUCING ASSISTANCE TO FARMERS.

DEPARTMENT OF AGRICULTURE
1979 BUDGET
OTHER SIGNIFICANT ITEM
COMMODITY CREDIT CORPORATION
(\$ IN MILLIONS)

	<u>1978</u> <u>RECOMMENDATION</u>	<u>1979</u> <u>REQUEST</u>	<u>RECOMMENDATION</u>
BA	968	7,855	7,855
BO	6,485	4,543	4,543
FTP EMPLOYMENT	-	-	-

RECOMMENDATION IS TO:

- ASK USDA TO RESUBMIT ITS CCC BUDGET BASED ON MOST LIKELY WEATHER ASSUMPTIONS.

USDA SUBMITTED 2 BUDGETS FOR PRICE SUPPORT PROGRAMS: ONE MECHANICALLY APPLYING THE 1966-70 WEATHER PATTERN TO THE 1978-82 PERIOD (GOOD WEATHER) AND ONE APPLYING THE 1971-75 WEATHER PATTERN (BAD WEATHER). THE RESULTS (SEE BELOW) HAVE LIMITED VALUE FOR BUDGETING--COULD WE CREDIBLY CLAIM, FOR EXAMPLE, THAT OUTLAYS IN 1980 WILL FALL SHARPLY BECAUSE WE EXPECT BAD WEATHER IN 1979?

IMPLICATIONS:

- CCC OUTLAYS, INCLUDING EXPORT CREDIT:

<u>FY</u>	<u>"GOOD" WEATHER</u>	<u>"BAD" WEATHER</u>
1978	6,485	5,965
1979	4,910	3,125
1980	5,546	335
1981	2,277	-2,953
1982	824	255

HISTORICALLY, THE NORMAL SITUATION IN U.S. AGRICULTURE HAS BEEN ONE OF EXCESS PRODUCTION CAPACITY AND SURPLUS PRODUCTION. FARMERS TURNED OUT RECORD LARGE CROP PRODUCTION THIS YEAR WITH 2/3 OF THE COUNTIES IN DISASTER AREAS. CONSEQUENTLY, WE HAVE USED THE LARGER FIGURE THUS FAR IN DEVELOPING AGRICULTURE FUNCTION BUDGET ESTIMATES.

DEPARTMENT OF AGRICULTURE
1979 BUDGET
OTHER SIGNIFICANT ITEM
CCC SHORT-TERM EXPORT CREDIT
(\$ IN MILLIONS)

	1978 <u>RECOMMENDATION</u>	1979 <u>REQUEST</u>	1979 <u>RECOMMENDATION</u>
BA	1,500	1,500	1,500
BO	694	367	367
FTP EMPLOYMENT	-	-	-

RECOMMENDATION IS TO:

- RAISE THE AUTHORIZED LEVEL OF CCC EXPORT CREDIT TO \$1.5 BILLION FOR 1978 AND 1979 IN ORDER TO INCREASE EXPORTS OF OUR EXTENSIVELY GROWN CROPS. USDA REQUESTED A RESERVE OF AN ADDITIONAL \$500 MIL. FOR 1978. WE THINK ACTION ON THIS SHOULD BE POSTPONED UNTIL WE SEE WHAT THE SUPPLY-DEMAND SITUATION IS AFTER THE \$1.5 BILLION HAS BEEN COMMITTED.

IMPLICATIONS:

- VARYING THE CREDIT AUTHORIZATION CAN PRODUCE LARGE SWINGS IN OUTLAYS BOTH IN THE BUDGET AND OUT YEARS. FOR EXAMPLE, LARGE CREDIT OUTLAYS IN 1979 AND 1980, COUPLED WITH A CUTBACK IN 1981 WILL PRODUCE A LARGE NEGATIVE OUTLAY (NET RECEIPTS) IN 1981.

RECOMMENDATION FOR SHORT-TERM EXPORT CREDIT.

	1977	1978	1979	1980	1981	1982
LEVEL	850	1,500	1,500	1,250	1,000	1,000
OUTLAYS	361	694	367	-207	-637	-437

SMALL AGENCIES

Commodity Futures Trading Commission
1979 Budget
Summary Comparison of Agency Totals

Comments

The Commission's request proposed a supplemental of \$971K in FY 1978 and a further increase of \$891K in FY 1979 to initiate a pilot program to regulate commodity options trading. It also requested an additional \$1,876K in FY 1979 to strengthen agency work. OMB recommends approval of the funds for the commodity options program and an additional \$200K for largely mandated increases. The agency probably will not appeal.

(Dollars in thousands)

	1977 <u>Act.</u>	1978 <u>Req.</u> <u>Recom.</u>	1979 <u>Req.</u> <u>Recom.</u>	1980 <u>Est.</u>	1981 <u>Est.</u>
Budget authority	13,085	14,167 14,167	16,854 15,159	15,159	15,159
Outlays	14,004	14,066 14,066	16,779 15,160	15,160	15,160
OMB planning target			(Not applicable to this agency)		
End-of-year employment:					
Full-time permanent	445	500 500	577 500		
OMB ceiling		440			
Total	458	513 513	602 513		
OMB ceiling		453			

Federal Support of Basic Research Programs
1979 Presidential Review

Table of Contents

	<u>Page</u>
<u>TAB A</u> Overview Paper	1
<u>TAB B</u> National Science Foundation (NSF)	3

TAB A

OVERALL FEDERAL FUNDING OF BASIC RESEARCH
1979 Budget

Comments

In keeping with guidance given in the Spring Preview, OMB has paid special attention to the funding of basic research in its review of agency budget submissions and to assuring "real" growth in the overall level of Federal support, particularly in areas related to critical national problems. OMB now estimates that there will be an increase of 10.7 percent in obligations (4.5 percent above inflation) and 11.9 percent in outlays (5.5 percent above inflation) in the overall level of Federal support.

This increase will continue actions taken in the 1977 and 1978 budgets to reverse the decline of about 20 percent in "real" terms that took place from 1967 to 1976. Assuring "real" growth will allow more opportunities for young researchers to undertake basic research and encourage researchers to consider more innovative projects. OMB and OSTP are not recommending an announced fixed percentage increase policy -- this year -- pending further analysis of agency and national needs by OSTP, and analysis of the role of the private sector in support of basic research.

Policy alternatives to encourage growth in industry funding of basic research are being examined but this subject needs further analysis as part of a Policy Review Memorandum study of overall industry funding for research and development--now underway.

The attached table displays estimates--by major R&D agency--of the amounts for basic research included in agency requests and the levels resulting from OMB recommendations.

(Dollars in millions)	<u>1977</u>	<u>1978</u>	<u>1979</u>		<u>Percent Increase 1978-79</u>	
			<u>Agency Req.</u>	<u>OMB Rec.</u>	<u>Agency Req.</u>	<u>OMB Rec.</u>
Obligations, total:						
- Constant dollars	2,840	3,184	3,446	3,526	8.2%	10.7%
- Current dollars					2.1%	4.5%
Outlays, total:						
- Constant dollars	2,698	2,993	3,317	3,348	10.8%	11.9%
- Current dollars					4.6%	5.5%

Overall Federal Funding of Basic Research
(dollars in millions)

	1977	1978	Percent Increase 1977-78	1979		Percent Increase 1978-79	
				Agency Req.	OMB Rec.	Req.	OMB Rec.
<u>Obligations, current dollars</u>	2840	3184	12.1%	3446	3526	8.2%	10.7%
HEW	741	843	13.8%	861	973	2.1%	15.4%
(NIH)	(659)	(747)	(13.4%)	(758)	(850)	(1.5%)	(13.8%)
(Other)	(82)	(96)	(17.1%)	(103)	(123)	(7.3%)	(28.1%)
NSF	628	682	8.6%	733	743	7.5%	8.9%
NASA	387	447	15.5%	485	481	8.5%	7.6%
DOE	388	418	7.7%	468	460	12.0%	10.0%
DOD	274	304	10.9%	354	330	16.4%	8.6%
USDA	194	225	16.0%	257	244	14.2%	8.4%
Interior	130	157	20.8%	166	170	5.7%	8.3%
Other	98	108	10.2%	122	125	13.0%	15.7%
<u>Outlays, current dollars</u>	2698	2993	10.9%	3317	3348	10.8%	11.9%

Constant Dollar Equivalents ("real" growth)

<u>Obligations, all agencies</u>	5.6%	2.1%	4.5%
<u>Outlays, all agencies</u>	4.4%	4.6%	5.5%

TAB B

NATIONAL SCIENCE FOUNDATION
1979 Budget
Summary Comparison of Agency Totals

Comments

An increase of 7 percent was requested for basic research programs within the planning ceiling, as well as larger increases for research applications and for science education. Above the planning ceiling, the agency requested an additional \$151 million for various research and education programs. The overall OMB recommendation holds to the planning ceiling, but shifts funds from research applications and science education (where program needs have not been well defined) to basic research programs to provide some "real" growth for research in areas of national concern--and thereby contribute to the government-wide strategy of "real" growth (above cost increases) in basic research. The agency also requested 102 full-time permanent positions. OMB recommends reducing full-time staff by ten positions, and believes that the Foundation's staffing problems are more a matter of internal management attention and capability than of increasing overall agency workload. An appeal is anticipated.

(Dollars in millions)

	1977 <u>Act.</u>	1978		1979		OMB <u>Recom.</u>	1980 <u>Est.</u>	1981 <u>Est.</u>
		<u>Req.</u>	<u>Recom.</u>	<u>Agency High</u>	<u>Req. In-ceiling</u>			
Budget authority	778.6	861.3	843.9	1,074.0	923.0	923.0	923.0	923.0
Outlays	746.0	820.3	808.8	926.3	865.0	865.0	885.0	910.0
OMB planning target					865.0			
End-of-year employment:								
Full-time permanent	1,257	1,275	1,275	1,480	1,377	1,265	1,265	1,265
OMB ceiling		1,275						
Total	1,620	1,648	1,648	1,747	1,725	1,625	1,625	1,625
OMB ceiling		1,660						

NATIONAL SCIENCE FOUNDATION
1979 Budget

Summary Comparison of Agency
Ranking and OMB Recommendation

BA in millions of \$

Agency Ranking	Budget Activity	Comment	Agency Request	OMB Recom.
1-3	Staffing & Admin.	Various levels of staffing, including increase of 102 FTP.	55.3	52.3
4-6	Basic Research	Amounts to a 15% reduction in level of effort.	546.7	546.7
7	Science Ed. (manpower)	Program at undergraduate level terminated.	29.4	29.4
8,9	Int'l & Misc.	International activities & policy analysis cutback.	20.4	20.4
10	Antarctic	Station at South Pole would be closed.	42.8	42.8
11	Science Ed. (materials)	Lab equipment, teaching materials, etc. reduced.	27.9	27.9
12	Applied Research	Several areas reduced, including earthquake research.	62.9	50.0
13	Institutional Grants	Size of average grant reduced 12%.	4.0	--
14	Science Ed. (R&D)	Research effort emphasized, development reduced.	8.2	8.2
15	Science Ed. (gen. public)	FY 1978 level maintained.	5.1	5.1
16	Int'l & Misc.	International activities & policy analysis increased.	2.4	2.4
17	NSF Planning & Eval.	FY 1978 level maintained.	0.5	0.5
18-20	Basic Research	Amounts to 6% reduction due to cost increases.	51.6	51.6
21	Science Ed. (materials)	Programs for 2- and 4-year colleges increased.	2.1	2.1
22	Science Ed. (R&D)	FY 1978 level maintained.	0.5	0.5
23	Institutional Grants	FY 1978 level maintained.	0.5	--
24	Antarctic	Remote station operated at min. levels.	4.7	4.7
25-27	Basic Research	Adjusts overall level for cost increases.	36.8	36.8
28	Science Ed. (R&D)	Increases for research emphasized.	3.3	--
29	Science Ed. (materials)	Emphasis on minority schools.	5.5	--
30	Applied Research	Increase for earthquake research.	4.0	5.0
31	Antarctic	Aircraft and instruments upgraded.	2.4	2.4
none	Foreign Currency	Overseas research, translation of scientific books.	6.0	6.0
----- Planning Ceiling \$923. OM -----				
32-34	Basic Research	Increases above cost-of-living in all fields of science.	25.4	23.8
35	Science Ed. (materials)	Additional lab equipment for 2- and 4-year colleges.	1.6	--
36	Science Ed. (gen. public)	New science TV program for children.	4.4	4.4
37	Science Ed. (manpower)	Increased teacher training, guidance for min. students.	3.8	--
38	Int'l & Misc.	Additional science information research.	0.5	--
39-41	Basic Research	Increases in several fields of science.	13.9	--
42,43	Science Ed. (2 areas)	Additional R&D, support of 2- and 4-year colleges.	3.8	--
44	Staffing & Admin.	58 additional FTP positions.	2.2	--
45	NSF Planning & Eval.	Additional policy studies & forums.	0.5	--
46	Int'l & Misc.	Planning studies for international activities.	0.8	--
47	Applied Research	Initial work on defining new research areas.	2.6	--
48-50	Basic Research	Increases in several fields of science.	58.3	--
51-64	Various	Mixture of programs other than basic research,	33.2	--
			1,074.0	923.0

ESD SMALL AGENCIES

Energy and Science Division Small Agencies
1979 Presidential Review

Table of Contents

	<u>Page</u>
<u>TAB A</u> Nuclear Regulatory Commission	1
- Issue Paper #1: Reactor Inspection Program	3
<u>TAB B</u> Tennessee Valley Authority	5
- Discussion Paper: National Energy Demonstration Program	6
<u>TAB C</u> Smithsonian Institution	9
<u>TAB D</u> National Gallery of Art	11
<u>TAB E</u> Woodrow Wilson International Center for Scholars	13
<u>TAB F</u> Office of Science and Technology Policy	15

NUCLEAR REGULATORY COMMISSION
1979 Budget
Summary Comparison of Agency Totals

Comments

Nuclear Regulatory Commission requested personnel increases to implement a comprehensive reactor inspection program (See Issue #1), to handle more generic nuclear safety issues, to increase work on nuclear waste storage and disposal, to prepare to license a permanent waste disposal facility in 1985, to reduce a serious backlog in radioisotope license applications, and to handle expeditiously additional administrative work. The agency also requested additional funds to perform reactor safety research. OMB recommends no increase in the reactor inspection program; small increases for waste storage, radioisotope licensing and administrative activities, and a reallocation of effort from reviewing new reactor license applications (which have decreased significantly in the past 5 years), to work on generic safety issues. The NRC is certain to appeal the OMB recommendation on inspectors because of their interpretation of the President's recent nuclear policy statements on inspection activities, and will most likely appeal for the additional administrative positions. While OMB recognizes its recommendation imposes significant personnel restraints on the agency, we believe it will in no way jeopardize the health and safety of the public, the timing of the licensing process or the President's commitment to enhance reactor inspections.

	1977 Est.	Approp.	1978 Req.	Recom.	1979 Req.	Recom.	1980 Est.	1981 Est.
Budget authority(\$M).....	\$248.8	281.4	288.7	248.1	349.5	340.9	328.0	348.0
Outlays (\$ M).....	\$236.0	267.1	271.4	268.6	323.2	296.0	314.0	333.0
OMB planning target....								
End-of-year employment:								
Full-time permanent....	2,529	2,720	2,754	2,688	2,999	2,736		
OMB ceiling	2,529		2,720					
Total.....	2,829	3,020	3,054	2,988	3,299	3,036		
OMB ceiling.....	2,829		3,020					

Nuclear Regulatory Commission
1979 Budget

Summary Comparison of Agency Ranking and OMB Recommendations
(in millions of dollars)

<u>Agency Ranking Number</u>	<u>Package Description</u>	<u>Budget Authority</u>	
		<u>Agency Request</u>	<u>OMB Recommendation</u>
1-23		120.5	112.4
24	Vendor Inspections	1.2	--
25-60		144.0	144.0
61	Reactor Inspections	1.2	--
62-67		2.5	2.5
68	Reactor Inspections	.8	--
69-75		8.6	8.6
76	Loss of Fluid Test Research	4.0	2.2
77-98		18.7	18.7
99	Technical Projects	1.3	--
100-107		1.7	1.0
108	Fuel Behavior Research	2.0	1.4
109-110	Systems Engineering Research	15.8	10.0
111-113	Reactor Inspections	2.4	0.1
114	Radioisotope Licensing	.1	--
115	Reactor Standards	.3	--
116-122	Safety Research	21.2	16.6
123	Fuel Facility Standards	.2	.2
124	Breeder Reactor Research	2.5	--
125-128		.6	.6
		<hr/> 349.6	<hr/> 318.3
	Full-Funding New Safety Research Facility		<hr/> 22.6
			<hr/> 340.9

Nuclear Regulatory Commission
1979 Budget
Issue Paper
Reactor Inspection Program

Background

NRC's Office of Inspection and Enforcement (IE) is responsible for determining whether industry operations are being conducted in compliance with licenses issued by NRC and for recommending license amendments based on licensee performance. IE inspectors do not perform the actual inspection of nuclear facilities. Through observing the licensees' operators and inspectors, reviewing records, testing equipment and materials and receiving reports of abnormal occurrences, IE ascertains whether a licensee's own internal inspection responsibility is being properly and effectively conducted.

OMB has conducted a thorough zero-based review of the inspection effort, taking into account IE's projection of the number of nuclear facilities to be inspected in FY 1979 and the inspection workload per facility. Our final recommendation--to hold the inspection effort to the FY 1978 level--is based on several major policy differences which we have with NRC:

1. The President requested NRC "to assign one permanent Federal inspector to each nuclear power plant"; Dr. Schlesinger's staff defined this to mean reactors in late construction and commercial operation. NRC's request assumes additional resident inspectors will be placed on sites with reactors under early construction. NRC statistics show that resident inspectors on sites in late construction and commercial operation--where the frequency of inspection is now high--reduces the total need for inspectors. (Late construction covers the last two years of reactor construction which are the most critical for assuring safe operation.) On the other hand, on sites with reactors in early construction--where fewer inspectors are required to assure public health and safety--the use of resident inspectors increases the total personnel requirements. In FY 1979, 14 full-time personnel can be saved by eliminating resident inspectors on early construction sites. By FY 1981, over 150 full-time personnel may be saved under the OMB recommended program.
2. NRC requested a Performance Appraisal Team as part of its Resident Inspector program. In FY 1979, a team of 33 full-time personnel is proposed to assure that the 45 resident inspectors maintain their objectivity in performing their work. OMB recommends that no Performance Appraisal people be hired in FY 1979 because it has not been demonstrated that (1) a problem of inspector objectivity exists, (2) the benefits of a Performance Appraisal Team are clearly established and (3) there are not other more efficient ways to assure inspector objectivity.

3. NRC began an experimental program in 1975 of 35 people to inspect the internal quality control systems of nuclear component vendors (e.g. pump manufacturers) and nuclear architect-engineers. Each year this program has been held at this level (ZBB decision unit ranked 24 out of 128) with the promise from NRC that a thorough analysis would be done to demonstrate the health and safety benefits of the program. This analysis has not been done, and there is apparently no effort underway to complete the study. On this basis and with the belief that there are few, if any, safety benefits to vendor inspections because utilities already inspect the reactor components before taking delivery, OMB recommends deletion of the entire vendor and architect-engineer inspection program in FY 1978 and FY 1979.

Statement of Issue

How should the NRC reactor inspection program be structured?

Alternatives

1. Continue the current inspection program plus resident inspectors on-sites with reactors under late construction and commercial operation; eliminate vendor inspectors. (OMB rec.)
2. Implement a comprehensive Resident Inspector Program and retain vendor inspectors. (NRC req.)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Inspection and Enforcement: (\$ M)							
Alt. #1 (OMB rec.)							
Budget authority	\$24.3	\$26.6	\$26.5	\$27.8	\$29.2	\$30.7	\$32.2
FTP	589	680	680	715	750	787	825
Alt. #2 (NRC req.)							
Budget authority	\$24.3	\$29.6	\$36.1	\$41.2	\$45.1	\$48.2	\$50.6
FTP	589	726	860	983	1074	1148	1205

TENNESSEE VALLEY AUTHORITY
1979 Budget
Summary Comparison of Agency Totals

Comments

TVA requests only modest increases in its ongoing programs. It has, however, included a request for \$166 million in appropriated funds to initiate a major R&D effort called the "National Energy Demonstration Program." OMB recommends--and the Department of Energy (DOE) concurs--that DOE funds rather than direct appropriations to TVA be used to finance those proposals which would maximize net National benefit. Therefore, the \$166 million is not recommended. TVA is likely to appeal this recommendation (see attached discussion paper). The balance of the reductions from the TVA request are primarily in two water projects. The recommended personnel increases are associated with the TVA power plant construction and operation program.

(Dollars in Millions)

	1977 <u>Actual</u>	1978 <u>Request</u> <u>Recom.</u>	1979 <u>Request</u> <u>Recom.</u>	1980 <u>Est.</u>	1981 <u>Est.</u>	
Budget authority	126	139 139	314 124	106	107	
Outlays	1,100	1,186 1,186	1,556 1,424	1,710	1,610	
OMB planning ceiling ...		(Not applicable to this agency)				
End-of-year Employment:						
Full-time permanent	17,060	17,334 17,334	18,615 18,150			
OMB ceiling		17,334				
Total	37,947	40,950 40,950	42,665 42,048			
OMB ceiling		35,402				

Tennessee Valley Authority
1979 Budget: Discussion Item
National Energy Demonstration Program

In response to an April 15, 1977 letter from the President to TVA Chairman Wagner, the agency has submitted a 1979 budget request for \$166 million to fund an energy research, development and demonstration program. This program is intended to build on TVA experience and expertise as the Nation's largest electric utility to help evaluate and implement various elements of the National Energy Plan. TVA has requested direct Federal appropriations--as opposed to using its own funds from sale of electricity--on the premise that these projects will be of benefit to the entire Nation and would not be economically justified for TVA rate-payers alone to bear the cost.

The specific TVA proposals are being actively explored by the Department of Energy. OMB sees TVA as a good place to do some of this work and is working with DOE and the Environmental Protection Agency on a project-by-project evaluation. Preliminary results of this screening suggest that some of the proposals are viable candidates for funding while others are not.

OMB and DOE have agreed that in order to preserve the basic principle on which DOE was founded--centralized funding and direction of energy R&D--funding for those projects selected for development should be provided by DOE. Secretary Schlesinger wrote Chairman Wagner on October 8 to initiate the process of setting up a funding transfer system. DOE/TVA cooperation will be assured most probably in the form of a Memorandum of Understanding. This will take time; of course, as DOE is still getting itself organized.

OMB will monitor the DOE/TVA relationship to assess the results of the cooperative effort. Should further analysis indicate that direct funding of TVA is warranted, OMB will, of course, take whatever steps are necessary.

Tennessee Valley Authority
1979 Budget

Summary Comparison of Agency Ranking and OMB Recommendations
(In millions of dollars)

Agency Ranking Number	Package Description	Obligations	
		Agency Request	OMB Recom.
1-69	Packages are distributed across agency	4,354	4,354
70-72	Energy Demo (Coal)	7	-- 1/
73	Energy Demo (Ammonia from Coal)	7	7
74-75	Misc. Regional Development	1	1
76	Pickwick Lock	10	-- A
77	Navigation Operations	-- 2/	-- 3/
78	Land Between the Lakes	2	--
79-95	Packages are distributed across agency	10	10
96	Land Between the Lakes Operations	1	--
97	Columbia Dam	18	7
98-102	Misc. Regional Development	3	2
103	Poor Valley Creek	-- 2/	--
104-105	Energy Demo (Solar, Conservation)	4	-- 1/
106	Urea Polyphosphate Unit (Fertilizer Production)	2	2
107	Energy Demo (Coal)	2	-- 1/
108	Chemical Fertilizer R&D	-- 2/	--
109-110	Misc. Regional Development	-- 2/	-- 3/
111	Energy Demo (Waste Heat)	22	-- 1/
112-113	Misc. Regional Development	-- 2/	--
114	Valley Agricultural Development	-- 2/	-- 3/
115	Bridgeport Bridge	2	2
116	Misc. Regional Development	-- 2/	--
117-118	Energy Demo (Coal)	13	-- 2/
119	Regional Water Quality Management	-- 2/	-- 3/
120-121	Energy Demo (Coal, Solar)	--	--
122	Regional Economic Studies and Development	-- 2/	--
123-125	Energy Demo (Conservation, Coal)	2	-- 1/

Agency Ranking Number	Package Description	Obligations	
		Agency Request	OMB Recom.
126	Navigation Operations	-- <u>2/</u>	--
127-129	Energy Demo (Conservation, Coal)	11	-- <u>1/</u>
130	Regional Water Quality Management	-- <u>2/</u>	-- <u>3/</u> D
131-135	Misc. Regional Development	10	--
136-141	Energy Demo (Coal, Solar)	49	-- <u>1/</u>
142-144	Energy Demo (Ammonia from Coal)	4	4
145-146	Energy Demo (Waste Heat)	33	-- <u>1/</u>
147-148	Energy Demo (Strip Mine Reclamation)	6	--
149-160	Energy Demo (Load Management, Power Pool, Storage)	6	-- <u>1/</u>
		<u>4,579</u>	<u>4,389</u>

1/ Will be evaluated and potentially funded by DOE.

2/ Request less than \$1 million.

3/ Included - less than \$1 million.

A - If permitted additional funding, this should be the first to be added to the recommendation.

D - If permitted less funding, this should be the first to be dropped from the recommendation.

TAB C

SMITHSONIAN INSTITUTION
1979 Budget
Summary Comparison of Agency Totals

Comments

Smithsonian requested increases to support more research on environmental and natural resources matters, to continue modernizing buildings and facilities (particularly the National Zoo), and to expand ongoing educational and exhibit programs. In addition, the agency requested funds to draw up detailed construction plans for a \$21 million off-Mall center for storing, conserving and handling its many collections. OMB recommends small increases for a number of items, including buildings modernization and environmental research, but no significant expansion of educational and exhibit programs. The OMB recommendation includes funds for planning the center, on the basis that the \$21 million will be provided in the FY 1980 budget. Smithsonian is likely to agree to the overall recommendation but may appeal for an increase in staff. OMB believes that the agency has sufficient flexibility and vacant positions within its current ceiling to make tradeoffs against programs being phased down.

(Dollars in millions)

	1977 <u>Act.</u>	1978 <u>Req.</u> <u>Recom.</u>	1979 <u>Req.</u> <u>Recom.</u>	1980 <u>Est.</u>	1981 <u>Est.</u>
Budget authority	96.7	95.3 95.3	104.0 100.4	121.0	103.4
Outlays	99.7	103.4 103.4	102.9 100.0	107.7	113.7
OMB planning ceiling			(Not applicable to this agency)		
End-of-year Employment:					
Full-time permanent	3,095	3,314 3,314	3,401 3,314		
OMB ceiling		3,314			
Total	3,398	3,679 3,679	3,766 3,679		
OMB ceiling		3,679			

SMITHSONIAN INSTITUTION
1979 Budget
Summary Comparison of Agency Ranking and
OMB Recommendations
(In millions of dollars)

Agency Ranking Number	Package Description			Outlays		FTP Employment	
	Type	Level	Comment	Agency Request	OMB Recom.	Agency Request	OMB Recom.
1	Op. expenses	Min.	Reductions in all programs	80.4	80.4	3,034	3,034
2	Construction	Min.	Essential repairs only	5.0	5.0	--	--
3	Op. expenses	Int.	Restoration of certain reductions	6.8	6.8	266	266
4	Construction	Int.	Fire, safety, animal health items	0.9	0.9	--	--
5	Sci. Info. Exch.	Min.	Handling Fed. projects only	1.6	1.6	--	--
6	Op. expenses	Cur.	Includes several program changes	0.9	0.9	28	14
7	Op. expenses	Cur.	Scheduled pay increases, other items	1.3	1.3	6	--
8	Sci. Info. Exch.	Int.	Scheduled pay increases	0.1	0.1	--	--
9	Construction	Cur.	Zoo redevelopment, continuing renovation	1.6	1.6	--	--
10	Op. expenses	Imp.	Long-term research, libraries	0.6	0.3	4	--
11	Op. expenses	Imp.	Maintenance, guards, admin.	0.7	--	40	--
12	Construction	Imp.	Upgrading of five facilities	0.6	0.2	--	--
13	Op. expenses	Imp.	Long-term research (environ./resources)	0.4	0.4	22	--
14	Op. expenses	Imp.	Exhibits and education programs	0.2	--	1	--
15	Op. expenses	Imp.	Art acquisitions and storage	0.1	--	--	--
16	Op. expenses	Imp.	Replace arts and humanities grants	0.5	--	--	--
17	Sci. Info. Exch.	Cur.	Process non-Federal projects	0.2	0.2	--	--
18	Sci. Info. Exch.	Imp.	Revise indexing, reduce input costs	0.3	0.3	--	--
19	Sci. Info. Exch.	Imp.	Pilot on-line program w/Fed. agencies	0.7	--	--	--
				102.9 *	100.0*	3,401	3,314

Key and notes:

* Totals do not include Special Foreign Currency funds of \$4.7 million (BA) and \$4.2 million (outlays).

Op. expenses = Salaries, utilities, other operating expenses.

Construction = New construction, repair and renovation.

Sci. Info. Exch. = Science Information Exchange

Min. = Minimum level package

Int. = Intermediate level package

Cur. = Current level package

Imp. = Improvement level package

TAB D

NATIONAL GALLERY OF ART
1979 Budget
Summary Comparison of Agency Totals

Comments

The Gallery requested an increase of \$5,201,000 for staffing, furnishings, operations and maintenance, and major art exhibitions in the new East Building which is scheduled to open to the public in June 1978. The cost of the East Building is about \$95 million, provided entirely from private donations. The Federal Government has had the statutory responsibility to equip and operate the Gallery since 1941. OMB mark provides for an increase of \$3,456,000 in FY 1979 principally related to the new East Building. The Gallery may appeal--particularly on staffing--although OMB believes that the additional 63 positions recommended is sufficient. The increase in personnel is essentially all related to the operations of the East Building.

(Dollars in thousands)

	1977 <u>Act.</u>	1978 <u>Req.</u> <u>Recom.</u>	1979 <u>Req.</u> <u>Recom.</u>	1980 <u>Est.</u>	1981 <u>Est.</u>
Budget authority	12,686	14,509 14,509	19,710 17,965	17,900	17,900
Outlays	10,318	15,262 15,262	19,030 17,375	17,900	17,900
OMB planning ceiling			(Not applicable to this agency)		
End-of-year Employment:					
Full-time permanent	498	659 659	760 722		
OMB ceiling	501	659			
Total	509	672 672	773 735		
OMB ceiling	512	672			

National Gallery of Art
1979 Budget

Summary Comparison of Agency Ranking and
OMB Recommendations
(In thousands of dollars)

Agency Ranking Number	Package Description	Outlays		FTP Employment	
		Agency Request	OMB Rec.	Agency Request	OMB Rec.
1	Old bldg. and open new bldg. at minimum level	16,661	16,281	682	670
2	Increase art display to adequate level in new building	+550	+550	18	18
3	Security and protection for increased art display	+260	+260	19	19
4	Building operations for increased art display	+251	+251	12	12
5	Administration for increased art display	+123	+ 33	3	3
6	Conduct art display at full capacity	+1,050	--	16	--
7	Protection at full capacity	+40	--	--	--
8	Operations at full capacity	+28	--	3	--
9	Administration at full capacity	+67	--	7	--
		<hr/> 19,030	<hr/> 17,375	<hr/> 760	<hr/> 722

1/ The OMB recommendation does not include an amount for the effect in 1979 of the October 1977 pay raise. An amount will be added later following guidance from OMB to the agencies.



WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS
1979 Budget
Summary Comparison of Agency Totals

Comments

The Center requested an increase of \$128,000 to renovate the Smithsonian Tower for additional library and office space, to cover the October pay increase, and to provide federal funding for two additional scholars in Russian studies. The two scholars would increase federally supported scholars from 25 to 27 (an additional 13 scholars are supported from private funds). OMB recommendation would hold the number of federal scholars at the current level of 25 but allow for the other increases. (OMB agreed last year--in the 1978 budget--to hold to a long-term policy of 25 federally-funded scholars and to rely on private funds for any future augmentation. Staff funds were provided to raise additional private contributions.) The Center may appeal funding for the two scholars.

(Dollars in thousands)

	<u>1977</u> <u>Act.</u>	<u>1978</u> <u>Req.</u> <u>Recom.</u>	<u>1979</u> <u>Req.</u> <u>Recom.</u>	<u>1980</u> <u>Est.</u>	<u>1981</u> <u>Est.</u>
Budget authority	1,140	1,256 1,256	1,384 1,317	1,287	1,287
Outlays	920	1,256 1,256	1,384 1,317	1,287	1,287
OMB planning ceiling		(Not applicable to this agency)			
End-of-year Employment:					
Full-time permanent	21	21 21	21		
OMB ceiling	21	21			
Total	23	23 23	23		
OMB ceiling	23	23			

Woodrow Wilson International Center for Scholars
1979 Budget

Summary Comparison of Agency Ranking and
OMB Recommendations
(In thousands of dollars)

Agency Ranking Number	Package Description	Outlays	
		Agency Request	OMB Recommendation
1	Minimum level budget <u>1/</u>	1,140	1,140
2	Current level budget <u>2/</u>	116	116
3	Improved level budget <u>3/</u>	128	61
		<hr/> 1,384	<hr/> 1,317

1/ Reduce Federally supported fellows by 5 from 25 to 20.

2/ Continue Federal support for 25 fellows.

3/ Increase federally funded fellows by 2, renovate Smithsonian Tower, increase funding related to October pay raise.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY
1979 Budget

Summary Comparison of Agency Totals

Comments

Primarily as a result of EXOP reorganization, the FY 1979 budget requested by OSTP is \$370,000 less than the FY 1978 appropriation. OMB recommends approval of the current level budget request. The nature of the tasks shifted to OSTP during the reorganization and its high level of activity under Dr. Press lead us to conclude that any further reductions could significantly impair the Office's ability to meet its objectives. The agency is not expected to appeal.

(Dollars in thousands)

	1977 Est.	1978 Req.	1978 Recom.	1979 Req.	1979 Recom.	1980 Est.	1981 Est.
Budget authority	2,300	2,800*	2,800*	2,430	2,430	2,430	2,430
Outlays	2,200	2,800	2,800	2,430	2,430	2,430	2,430
OMB planning target							
End-of-year Employment:							
Full-time permanent	22	22	22	22	22		
OMB ceiling		22					
Total	52	52	52	52	52		
OMB ceiling		52					

(Not applicable to this agency)

* A minimum of \$200,000 will be transferred to the National Science Foundation and to OMB as a result of the EXOP reorganization.

Office of Science and Technology Policy
1979 Budget

Summary Comparison of Agency Ranking and
OMB Recommendations
(In thousands of dollars)

<u>Agency Ranking Number</u>	<u>Package Description</u>	<u>Outlays</u>	
		<u>Agency Request</u>	<u>OMB Recommendation</u>
1	Minimum level	2,100	2,100
2	Current level (actual agency request)*	330	330
3	Augmented level	370	--
		<hr/> 2,800	<hr/> 2,430

* Based on functions and staffing needs resulting from the EXOP reorganization.